

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **VICE CHAIRMAN JON TESTER**, on January 13, 2005
at 8:00 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Jack Wells, Chairman (R)
Sen. Jon Tester, Vice Chairman (D)
Sen. John Brueggeman (R)
Sen. Bob Keenan (R)
Rep. Ralph L. Lenhart (D)
Rep. John E. Witt (R)

Members Excused: Sen. Mike Cooney (D)

Members Absent: Rep. Carol C. Juneau (D)

Staff Present: Laura Dillon, Committee Secretary
Catherine Duncan, Legislative Branch
Mark Bruno, OBPP

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 6, 1/13/2005; HB 11, 1/13/2005
Executive Action:

Reference book is: Governor's Budget, State of Montana, Treasure State Endowment Program, Fiscal Years 2006-2007, Volume 5; and the Governor's Budget State of Montana, Fiscal Years 2006-2007, Renewable resource Grant and Loan Program (RRGL), Volume 7.

VICE CHAIRMAN TESTER called the meeting to order and began the project hearings for HB 6, Renewable Resource Grant and Loan (RRGL) and HB 11, Treasure State Endowment Program (TESP).

Circle Project #40 Page 224 (TSEP)

Jim Edgcomb, Department of Commerce, TSEP, introduced this project for sewer improvements in the Town of Circle. The full amount of \$500,000 has been recommended for this project on the condition that the town provide adequate assurance that the proposed design concept will be effective for the long-term.

Circle Project #44 Page 124 (RRGL)

Pam Smith, Department of Natural Resources and Conservation (DNRC), RRGL, said the project had been recommended at the full funding amount of \$100,000.

Proponents' Testimony:

Brian Milne, Circle Project Engineer, handed out copies of written testimony from Circle Mayor, Ron McFarland; who was unable to attend the hearing (Exhibit 1). Mr. Milne cited that the Town of Circle had made significant improvements in their water system infrastructure. Their current water rates are well within the target range. There is potential for coal development near the town and this was taken into account by the proposed project.

EXHIBIT(jlh09a01)

Mr. Milne explained that there have been leaks reported with the current lagoon and that the town is unable to meet Department of Environmental Quality (DEQ) regulations. The proposed project would install a liner to protect groundwater from leaks. The state is currently in the process of reissuing a discharge permit to the town and there is concern they will not be able to meet the new requirements on ammonia discharge until a newer facility is in place. The project will address the issue of bio-solid removal by allowing farmers to use the waste for crop field fertilization.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 8.1}

Patrick Eggebrecht, McCone County Commissioner, stated for the record that he supports this project.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Dodson Project #9 Page 72 (TSEP)

Mr. Edgcomb told the committee that the full amount of \$427,500 has been recommended for this project to restore the sewer systems in the town of Dodson.

Dodson Project #17 Page 57 (RRGL)

Ms. Smith said the RRGL Program had also recommended that the full amount of \$100,000 be awarded for this project.

{Tape: 1; Side: A; Approx. Time Counter: 8.1 - 10.1}

Proponents' Testimony:

Annmari Robinson, Bear Paw Development, stated that the old system was making it hard for the town to meet DEQ regulations and they have had several violations in the past few years. The town is planning to borrow money and raise their user rates to pay for project costs not covered by the grants.

Craig Pozzega, Dodson Project Engineer, said the current system is outdated because it is a single-celled facility. Waste water under the current system is dispelled into a creek, which only flows a few months out of every year. Mr. Pozzega turned in a copy of a written statement from the Town of Dodson (Exhibit 2).

EXHIBIT(jlh09a02)

Mr. Pozzega said the proposed project would utilize a total retention system, with a treatment pond and an evaporation pond. This will eliminate most of the discharge problems the town is currently having.

REP. WAYNE STAHL, HD 35, went on record in support of the Dodson Project.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Cascade Project #4 Page 40 (TSEP)

Mr. Edgcomb told the committee that the money for this project would go to water system improvements in the Town of Cascade. The project has been recommended at the full amount of funding--\$500,000.

Cascade Project #22 Page 69 (RRGL)

Ms. Smith said the Cascade Project ranked well in technical feasibility and renewable resource points, and is recommended for the full amount of \$100,000.

Proponents' Testimony:

Mr. Pozegga read written testimony from the Mayor of Cascade, who was unable to attend the hearing (Exhibit 3).

EXHIBIT(jlh09a03)

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 1; Side: A; Approx. Time Counter: 10.1 - 17.8}

Fairfield Project #41 Page 229 (TSEP)

Mr. Edgcomb explained this project would begin water system improvements for the town of Fairfield. The town has been recommended a reduced grant amount of \$126,000 if there are sufficient funds. The grant amount was reduced because of technical and financial concerns.

Fairfield Project #37 Page 107 (RRGL)

Bob Fischer, DNRC, said the project had been recommended for full funding-- \$100,000 in RRGL funds.

Proponents' Testimony:

Mr. Edgcomb read a letter written on behalf of the Town of Fairfield by Mayor Lillian Alfson (Exhibit 4).

EXHIBIT(jlh09a04)

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 1; Side: A; Approx. Time Counter: 17.8 - 23.7}

Sun Prairie Village Project #42 Page 234 (TSEP)

Mr. Edgcomb told the committee that this project has been recommended for the full amount of \$500,000 if sufficient funds are available. The project will fund water system improvements for the community.

Sun Prairie Village Project #53 Page 146 (RRGL)

Mr. Fischer said the Sun Prairie Project was recommended funding at the requested amount of \$100,000 and he passed out written testimony to the committee (Exhibit 5).

EXHIBIT(j1h09a05)

Proponents' Testimony:

Craig Nowak, Morrison Maierle Engineering, commented that the project will consist of three parts:

- 1) The well-field transmission main will be replaced. (The current main has too small of a capacity and is prone to leaking.)
- 2) The storage capacity of the current storage facility will be increased to accommodate usage.
- 3) Radio-read water meters will be added. (The system is currently without meters.)

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Choteau Project #31 Page 182 (TSEP)

Mr. Edgcomb explained this project for water system improvements to the Town of Choteau. He said the project has been recommended for the full amount requested--\$500,000.

Choteau Project #16 Page 54 (RRGL)

Mr. Fischer distributed copies of faxed testimony on behalf of the Town of Choteau (Exhibit 6) and commented that this project has also been recommended for the full amount of \$100,000 by DNRC.

EXHIBIT(j1h09a06)

Proponents' Testimony: none.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked Mr. Edgcomb if he would be available for questions regarding these projects when it came time for executive action and **Mr. Edgcomb** replied that he would be available.

Mr. Edgcomb stated that the project hearings were scheduled for a break at this time.

{Tape: 1; Side: A; Approx. Time Counter: 23.7 - 30.7}

CHAIRMAN WELLS advised that the hearing would break until 9:45 A.M. as scheduled.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 3.4}

CHAIRMAN WELLS reconvened the meeting and went through committee protocol for members of the audience.

REP. RICK RIPLEY, HD 17, went on the record to support both the Fairfield and Choteau projects. He handed out testimony from the towns for anyone who had not yet received it (See Exhibit 4 and Exhibit 5).

Ennis Project #30 Page 178 (TSEP)

Mr. Edgcomb introduced this project for sewer system improvements in the Town of Ennis. The project has been recommended for the full amount requested--\$204,894.

Ennis Project #39 Page 112 (RRGL)

Ms. Smith said the project is recommended for the full amount of funding--\$100,000.

Proponents' Testimony:

REP. DIANE RICE, HD 71, pledged her support for the project. She said the town has been working on the project for years and is in need of financial support.

Chuck Hanson, Ennis Project Engineer, testified that the town has been working on their waste water project for a number of years. The town is currently in negotiations with the DEQ for a new waste water permit. The new permit is expected to contain more stringent regulations on waste water and the community will need to have a more efficient means of disposing of the waste.

Mr. Hanson stated that the proposed project will include an ultra-violet disinfection facility. This will replace the old disinfection structure, which is inefficient. The town already has sewer rates that are well within the target range and is applying for outside grants and loans to supplement funding.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 1; Side: B; Approx. Time Counter: 3.4 - 9.6}

Carter Project #3 Page 35 (TSEP)

Mr. Edgcomb presented the Carter-Chouteau County Water and Sewer District Project. This project has been recommended for full funding of \$500,000. This money will pay for various sewer system improvements.

Carter Project #8 Page 33 (RRGL)

Ms. Smith said the project had ranked high with DNRC and had been recommended for full funding of \$100,000.

Proponents' Testimony:

Gary Romenger, Carter-Chouteau County Sewer District, testified that the current system serves the Town of Carter as well as the surrounding rural farms. The supply well for the water system is located near the Missouri River and can deliver adequate supply. However, the water has been found to exceed allowable arsenic levels and DEQ is putting pressure on the community to solve the problem.

Mr. Romenger stated that under the proposed project, filters will be constructed to deal with the arsenic problem. The water system will be fitted with meters to help identify leaks and ensure water conservation. There are also about ten miles of worn water lines that will be replaced.

Darin Arganbright, Carter Water District, commented that the water district provides service outside of its boundaries. The

district serves as a hydrant for the rural fire department, which serves an area of 360 square miles. Many users outside the district have been coming to Carter-Chouteau County for help in times of drought.

Dave Aune, Water Resources Manager, ENTRANCO Engineering, pointed out areas of leakage in the current system on a map. There have been 27 leaks in the last two month period. The district is already charging more than 212 percent of the target rate and Mr. Aune suggested that additional funds would be useful if available.

{Tape: 1; Side: B; Approx. Time Counter: 9.6 - 18}

REP. WITT gave his support for the project, citing fire protection concerns. **REP. WITT** said the community has done a good job of maintaining their current system and he recommends increasing the funding for the project if there is money available.

SEN. TESTER agreed that additional funding should be awarded if available.

Annmarie Robinson, Bear Paw Development, commented that the district has been facing delays in funding because of the biennium cycle. Three years have passed between the time the district first began experiencing system breaks to when they could begin receiving funds. Ms. Robinson suggested that the legislature may want to entertain the possibility of an annual funding schedule.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 1; Side: B; Approx. Time Counter: 18 - 22}

Spring Meadows Project #38 Page 215 (TSEP)

Mr. Edgcomb said the recommended funding for this water improvements project had been reduced to \$497,500 in order to limit the award to \$7,500 per benefitted household.

Spring Meadows Project #2 Page 17 (RRGL)

Ms. Smith said the project ranked very well, scoring points in all renewable resource categories. The full funding of \$100,000 has been recommended by DNRC.

Proponents' Testimony:

REP. GAIL GUTSCHE, HD 99, went on record in support of the project and stated that **SEN. GREG LIND, SD 50**, also wished to be recorded as a supporter of the project.

Wendell Petersen, Spring Meadows Water District, explained that the district represents 62 home sites and lacks adequate storage facilities. The current system cannot accommodate the growth in the area and the fire protection is limited.

Mr. Petersen said the proposed system will construct a 150,000 gallon storage tank and install meters on household hook-ups. Water rates will be increased quarterly to offset any outstanding costs. Mr. Petersen submitted a written statement from **REP. DAVID WANZENRIED, HD 97** in support of the project (Exhibit 7).

EXHIBIT (j1h09a07)

Scott Andersen, Spring Meadows Project Engineer, reviewed some of the problems that the community has been having. He said the district has been very proactive in addressing their water problems and would like to construct storage tanks and meters. The community is in the moderate-income range and is dependent on grant money to complete their project.

SEN. LIND went on record in support of the Spring Meadows Project.

Opponents' Testimony: none.**Questions from Committee Members and Responses:**

SEN. TESTER asked if potential for future growth had been factored into the plans for the water system.

{Tape: 1; Side: B; Approx. Time Counter: 22 - 30.9}

Mr. Petersen replied that when the system was first created, it was constructed to accommodate 62 homes and these homes have since been filled.

SEN. TESTER asked what the depth of the new replacement well would be.

Mr. Andersen stated that the new well is around 250 feet. There is a well replacement in the project because the original well was not properly screened and pulls in sand with the water.

SEN. TESTER asked if this replacement was necessary for both wells.

Mr. Andersen replied that the other well is in a different location and is in better condition. It will not need to be replaced at this time.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 1.6}

Seeley Lake Project #8 Page 66 (TSEP)

Mr. Edgcomb commented that this project was the first stage of four projects to provide a centralized sewer system to the community. The town will construct a waste water treatment plant for the district. This project has been recommended for the full \$500,000 requested.

Seeley Lake Project #13 Page 47 (RRGL)

Mr. Fischer told the committee that the project had been recommended for \$100,000, as requested.

Proponents' Testimony:

Glen Morin, Seeley Lake Sewer Board testified that studies of the ground water in the area have shown pollution resulting from damaged septic systems. Many of the area lots cannot be used because they do not meet the required area for septic systems. There are about 117 lots that cannot be built on because they are not big enough for septic systems. A central sewer system must be in place so that town development can continue.

Mr. Morin stated that area businesses cannot meet expansion requirements without a functioning sewer system. Seeley Lake is one of the largest unsewered communities in the state and the residents already pay high rates for their water. For these reasons, Mr. Morin supports RRGL Program funding for the project.

Dave Aune, cited the need for assisted care facilities and business expansion in the town. This cannot take place without a sewer system. The unusually small building lots in the community make septic system use an unsanitary option. The close proximity of septic systems causes high nitrate levels in the groundwater.

Mr. Aune said the town is currently utilizing all other available means of project funding. Seeley Lake residents are of low-to-moderate incomes, but he believes the residents in the designated project area have significantly lower incomes and will put the

project within target range, once a more specific income survey is done.

Ralph Closer, Sewer District Administrator, wanted to go on record in support of the project.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. WITT asked if the town had plans for the unusable lots.

Mr. Morin answered that the town council is formulating a plan for use of the lots once the new sewer system is constructed.

REP. WITT asked if this plan was aimed at stopping unorganized community development.

Mr. Morin replied that this was correct. The community is trying to attract residents and this will be done with well-planned developments and reasonably priced homes.

SEN. TESTER commented that the project was also requesting \$3 million in federal funds. He asked if the project would be able to start with just the TSEP and RRGL funds.

Mr. Aune answered that the project consisted of four phases and each of these phases could stand alone. This ensures that the project will be able to go ahead with the limited amount of funding available at this point.

SEN. TESTER asked where the community was expecting to get funding for the subsequent project phases.

Mr. Aune replied that they intended to reapply for the funding packages at each level of the project.

SEN. TESTER asked if the target rate in the project application would apply to the entire project or just Phase 1.

Mr. Aune replied that the target rate was intended to be sufficient for the entire project.

SEN. TESTER commented that he was concerned such a big project would lead to an escalation of rates.

Mr. Aune answered that the rates are not expected to increase.

Mr. Edgcomb stated that the entire project package must be organized and approved before TSEP funds are disbursed.

{Tape: 2; Side: A; Approx. Time Counter: 1.6 - 22.5}

St. Ignatius Project #1 Page 26 (TSEP)

Mr. Edgcomb said this project ranked very well and was recommended to be funded the entire requested amount of \$500,000. The money will be used to pay for a new lagoon system and other sewer system improvements for the town.

St. Ignatius Project #5 Page 25 (RRGL)

Mr. Fischer said the project was recommended for the full amount of \$100,000.

Proponents' Testimony:

John Connat, Mayor of St. Ignatius, told the committee that the town has been ordered by the EPA to renew their sewer system by September of 2007. The town consists of low-to-moderate income level residents and the grant funding is necessary to maintain low user rates.

Dave Aune spoke in support of the project and offered to answer any questions from the committee.

SEN. BRUEGGEMAN said the area cannot gather as much funding through taxes as other communities due to its large tribal population. He said the system is close to failure and cannot keep up with the demands of a growing population.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked if the acronym "RD" on the TSEP forms stood for Rural Development Money.

Mr. Edgcomb stated that this was correct.

CHAIRMAN WELLS commented that the project was expecting some Rural Development money according to the application. He asked if this money had been received yet.

Mr. Aune said that the application for the money had not yet been processed due to the funding cycle for RD money. The community is expected to know the status of its application later this year.

{Tape: 2; Side: A; Approx. Time Counter: 22.5 - 29}

Valier Project #23 Page 145 (TSEP)

Mr. Edgcomb introduced the Valier Project. The project will reconfigure the existing lagoon and pay for lift station improvements. The project has been recommended for funding at \$500,000.

Valier Project #36 Page 104 (RRGL)

Mr. Fischer told the committee this project was recommended to receive the full amount requested in RRGL funds--\$100,000.

Proponents' Testimony:

Dorothy Stoddard, Valier Town Council, testified that the current system was constructed with old clay pipes that are cracked and full of mineral buildup. Ground water is infiltrating the main collector pipe and sewer water is seeping out. Sewage is overflowing in the summer months when the ground water is lower.

Ms. Stoddard said the town has replaced parts of the system and have already built a new waste water facility. TSEP funds will not only help with necessary system improvements, but also facilitate creation of a capital improvements plan for the town. The town is proposing to reduce the scope of the project and the proposed modifications were made available in a handout to committee members (Exhibit 8).

EXHIBIT(jlh09a08)

{Tape: 2; Side: B; Approx. Time Counter: 0 - 6.6}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked if the project size were to be cut back, if this would reduce the loan amount.

Ms. Stoddard replied that the community has proposed to reduce the scope of the project in order to decrease the loan amount.

CHAIRMAN WELLS asked how much money is planned on being spent, based on the revised project.

Ms. Stoddard replied, "\$1.2 million."

CHAIRMAN WELLS commented that this did not affect the amount of the TSEP grant.

Mr. Edgcomb stated that this was correct. The project has been limited because the community cannot afford the loan amount.

CHAIRMAN WELLS asked for committee input on whether they would like to begin the meeting at 8:30 A.M. tomorrow.

Cathy Duncan reminded the committee members that John Tubbs, DNRC would be at the next meeting for a presentation.

Mr. Tubbs stated that he would make sure members of his department were aware of the change in the time for tomorrow's meeting.

CHAIRMAN WELLS stated that he would make necessary announcements regarding the time change and adjourned the meeting.

{Tape: 2; Side: B; Approx. Time Counter: 6.6 - 15.1}

ADJOURNMENT

Adjournment: 10:55 A.M.

REP. JACK WELLS, Chairman

LAURA DILLON, Secretary

JW/LD

Additional Exhibits:

EXHIBIT ([jlh09aad0.TIF](#))